

# COUNTY OF YORK

## MEMORANDUM

**DATE:** May 8, 2003 (BOS Mtg. May 20, 2003)

**TO:** York County Board of Supervisors

**FROM:** James O. McReynolds, County Administrator

**SUBJECT:** Request to Authorize the Issuance of Hospital Revenue Notes for a Sentara Healthcare Facility in York County (Williamsburg Community Hospital)

The Industrial Development Authority has been notified by the Norfolk Industrial Development Authority that they would like to issue revenue notes in an amount not to exceed \$160 million to assist the Sentara Healthcare Group in various capital expenditures including building renovations, improvements and the installation of equipment and furnishings in Norfolk, Hampton, Virginia Beach and York County. The funding would support the installation of equipment and furnishings at the new Williamsburg Community Hospital in York County. The Virginia Code requires that any Industrial Development Authority obtain permission from another locality if it intends to issue bonds for work in that locality. A minimum of \$6 million of the \$160 million will be utilized for the Williamsburg Community Hospital in York County. As the majority of the issue will be utilized in Norfolk and Sentara is based in Norfolk, they would like to have the Norfolk Industrial Development Authority issue the entire bond amount. It is much more cost-effective for them to have one Authority issue one note than to split it up among all of the impacted jurisdictions.

In 1998, York County Industrial Development Authority adopted a policy on administrative fees for multi-jurisdictional bond issues. This policy adopted by most of the localities in Hampton Roads states that we will not object to another locality issuing a multi-jurisdictional bond that impacts York County if the largest portion of the bonds don't relate to facilities in York County. The agreement further stipulates that the York County Authority will receive 75% of its normal administrative fee for bonds for the portion of the bond issuance funding work in York County. The York County administrative fee is 1/8 of 1% of the outstanding principal of the bond on an annual basis. Based on this formula, and assuming that the value of the work funded in York County is \$6 million, the IDA will receive approximately \$5,625 for the majority of the term of the bond.

The Industrial Development Authority intends to pass a resolution supporting Norfolk's request to issue bonds that will fund work in York County at their May 14<sup>th</sup> meeting. It is also necessary for the Board of Supervisors to adopt a similar resolution authorizing the Norfolk Industrial Development to issue bonds for this work in York County.

As the Industrial Development Authority of York County has adopted a multi-jurisdictional bond issue policy supporting the issuance of bonds for work in York County when the largest portion of the bond issue does not relate to facilities in York County, and this policy promotes regionalism and regional revenue sharing, I recommend approval of proposed resolution R03-91.

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Attachments